

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 OPIC-12 EB-11 COME-00 L-03 NSC-07

CIAE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01

SP-03 SAJ-01 XMB-07 TRSE-00 INT-08 DRC-01 /110 W

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R 101110Z APR 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 9035

INFO AMCONGEN ZAGREB UNN

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PASS OPIC

E.O. 11652: N/A

TAGS: PFOR, YO

SUBJ: PROPOSED CHANGES TO JOINT VENTURE LEGISLATION

REF : A. BELGRADE 1050 B. BELGRADE 0614

1. DEPUTY DIRECTOR OF INTERNATIONAL INVESTMENT CORPORATION FOR YUGOSLAVIA (IICY), MILAN KOVACEVIC, INFORMS US THAT FEDERAL EXECUTIVE COUNCIL HAS APPROVED FOLLOWING PROPOSALS TO AMEND THE YUGOSLAV JOINT VENTURE LAW:

A. RAISE MINIMUM FOREIGN INVESTMENT FOR EACH PROJECT FROM PRESENT 1.5 MILLION NEW DINARS (APPROXIMATELY \$100,000) TO 2.0 MILLION NEW DINARS (\$130,000);

B. DELETE FROM THE OFFICIAL REGISTER OF THE SECRETARIAT OF THE ECONOMY ALL REFERENCE TO THE TOTAL VALUE OF JOINT VENTURE, AND PARTICIPATION SHARES BY PARTNERS. THE EFFECT OF THIS CHANGE, IF ADOPTED, WILL BE TO RESTRICT PUBLIC DISCLOSURE OF TOTAL AMOUNT INVESTED IN JOINT VENTURE AS WELL AS EACH PARTNER'S SHARE, ON THE GROUNDS THAT THIS IS "PRIVILEGED" BUSINESS INFORMATION;

C. PROVIDE FOR DENIAL OR REGISTRATION FOR A JOINT VENTURE

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IF SECRETARIAT OF ECONOMY DETERMINES THAT THERE IS OVER-CAPACITY IN THE FIELD. THE PROPOSAL REPORTEDLY DOES NOT REPEAT NOT SET OUT CRITERIA BY WHICH SECRETARIAT OF ECONOMY DETERMINES OVERCAPACITY. DETERMINATION IS REPORTEDLY ENTIRELY AT THE DISCRETION OF SECRETARIAT OF ECONOMY. BY POTENTIALLY RESTRICTING MARKET ENTRY BY NEWCOMERS, THIS CLAUSE COULD ENSURE COMPETITIVE ADVANTAGE OR EVEN SEMIMONOPOLISTIC SHELTER TO A FIRM ALREADY OPERATING IN AFFECTED FIELD.

2. COMMENT. THESE PROPOSALS WILL REPORTEDLY BE SUBMITTED TO THE REPUBLICS AND OTHER INTERESTED PARTIES (FEDERAL ECONOMIC CHAMBER AND TRADE ASSOCIATIONS) FOR COMMENT BEFORE BEING ENACTED BY FEDERAL ASSEMBLY. WE RATE THE FOREGOING CHANGES AS RELATIVELY MINOR. IT REMAINS TO BE SEEN WHETHER MAJOR CHANGES TALKED ABOUT IN

RECENT MONTHS WILL FOLLOW E.G.; IMPORT SUBSTITUTION AS BASIS OF PROFIT REPARTRIATION AND CHANGED TREATMENT OF MINERAL RIGHTS.

TOON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, AGREEMENT DRAFT, JOINT VENTURES, FOREIGN INVESTMENTS, MINERAL RIGHTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BELGRA01697
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740082-0444
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740453/aaaabvvo.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. BELGRADE 1050 B. BELGRADE 0614
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2002 by shawdg>; APPROVED <06-Aug-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED CHANGES TO JOINT VENTURE LEGISLATION
TAGS: PFOR, EGEN, YO, IIC, (KOVACEVIC, MILAN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005